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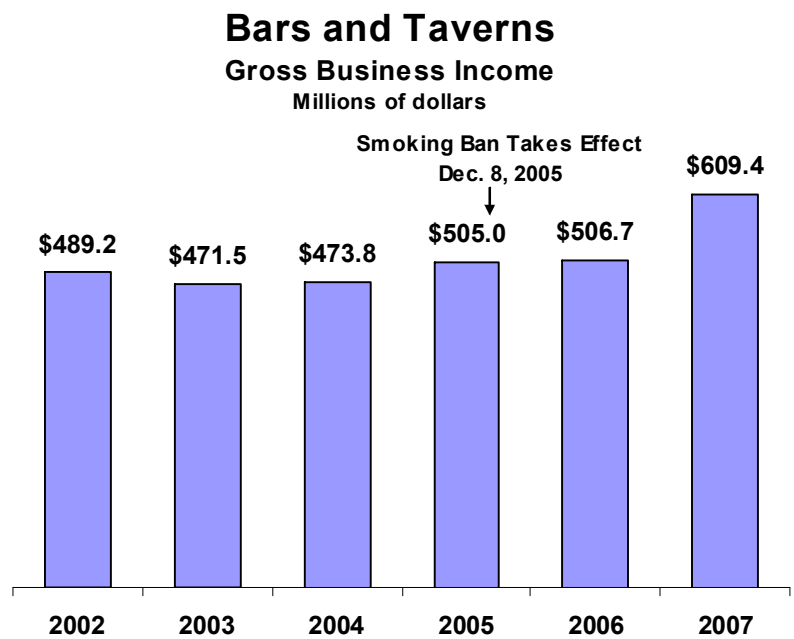
**Businesses bounce back from smoking ban**

**OLYMPIA, Wash.,** June 10, 2008 — Businesses have bounced back strongly from the effects of the Initiative 901 smoking ban, racking up strong gains in gross income during 2007.

Bars and taverns, which feared being hard hit by the ban on smoking in public places, generated 20.3 percent more gross income in 2007, compared to a meager 0.3 percent gain in 2006, the first full year after the smoking ban took effect in December 2005. Their average growth rate actually was stronger in the two years after I-901 than in the years preceding the ballot initiative.

Full-service, sit-down restaurants continue to appear to be little-affected by the ban, with an 8.7 percent gain in gross business income in 2007 compared to 8.2 percent in 2006 and 8.5 percent in 2005.

The biggest turnaround was among non-Indian gambling businesses, whose gross income increased 7.2 percent in 2007 after losing 9.8 percent in 2006. The industry had been in decline before the smoking ban took effect, dropping 5 percent in 2005 and 8.6 percent in 2004 after a 19.5 percent gain in 2003.



The Department of Revenue compiled the data due to continuing interest in this issue. It did not attempt to establish a statistical correlation between the smoking ban and revenues, nor investigate why revenues changed as they did.

“Perhaps patrons are just returning to their favored places because the alternatives were not as convenient,” said Department economist Stephen D. Smith, who compiled the numbers. “We sometimes see this when the price of cigarettes rises due to a tax increase: the short run dip in sales is fairly large, but over time it diminishes.”

A spreadsheet comparing growth rates for both gross business income and taxable retail sales for gambling establishments, restaurants and drinking places is available at

[http://dor.wa.gov/Docs/Reports/SmokeBan\\_Annual\\_Jun10\\_08.xls](http://dor.wa.gov/Docs/Reports/SmokeBan_Annual_Jun10_08.xls).

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